



MINUTES

Meeting called to order at 9am

Board Members Present: Councilmember Tim Burgess, Chair; Robert Harvey; Rod Rich; Jean Becker; David Stewart; Lou Walter; and Glen Lee

Staff Present: Cecelia M. Carter, SCERS Executive Director; Mike Akiyama, SCERS staff; Tony Smith, SCERS staff; Beverly Yapp, SCERS staff; Lisa Carns, SCERS staff

Others Present: Mike Monaco, Song Mondress Law Firm; John McCoy, Legislative Department; Steve Kovac, Seattle City Light; Tom Kirn, Finance and Administration Services; George Emerson, Finance and Administration Services; Judith Flemings, ARCSE; Merle Overland, ARCSE; Kirk Jones, ARCSE; Patti Kieval, Local 17; John Masterjohn, Retiree; Nate VanDuzer, Legislative Department; Judy Blinder; Fred Morris; Joe Simpson; Joe Spallino, Morgan Rice; Steve Bernard; Seattle City Light; Steve Viney, Retiree; Patsy S. Taylor; Jason Jenks, Moss Adams.

Public Comment: Merle Overland, President of ARSCE and Judith Flemings, Editor for ARSCE newsletter followed up with the Board on the request to reconsider providing information about the retiree deaths. ARSCE requested that SCERS staff provide the name, age at death, department from which member retired, and date of death every other month to coincide with the ARSCE newsletter. The Board asked SCERS staff to provide ARSCE with the requested information every other month.

Administrative Consent Agenda

Minutes:

Provided in the Retirement Board packet were the minutes from the March 8, 2012 Retirement Board Regular Meeting.

Ratification of Retired Payroll, Office Payroll, Other Payments and Withdrawals

Service	\$9,700,379.88
Beneficiary	\$905,701.06
Disability	\$77,569.52
Pension Payroll – PPE March 30, 2012	<u>\$10,683,650.46</u>
Office Payroll – PPE February 14 and 28, 2012	\$81,674.79
Vouchers Processed – February 29, 2012	\$247,063.95
*Expert and Consultant Services – \$31,786.00	
*Investment Management Fees – \$87,033.41	
*Interdepartmental Charges - \$114,631.57	
*Miscellaneous - \$13,612.97	

Immediate Withdrawals of Contributions for the month of March 2012:

Member	Department Name	Position
Ahlgren, Russell D	Parks	Rec Attendant
Brown, Janet M	Seattle Center	Laborer
Eyman, Kristen E	Parks	Admin Spec II
Hoskins, Rosalinda Lee	Civil Rights	Plan & Dec Spec
McDaniels, Tobias	Library	Library Assoc II
O'Hanlon, Kathleen	Law	City Attny
Saiyadeth, Pailinh	SDOT	Admin Support Svpr
Thompson, Steven	SPU	Sr Civil Engr

Member	Department Name	Position
Velasquez, Samuel J	SPU	Warehouser, Sr
Walker, Shawn Carey	City Light	Meter Electn
Young, Janice	Muni Court	Court Clerk

Bold entries above indicate refund payout made to beneficiary of a member dying while in active status.

Withdrawals for a total of: \$296,439.20

Ratification of Service Retirements for the month of March 2012

Retiree	RetireDt	Years	Days	DeptName	Position	Age
Diangson, Ticiang P	2/3/2012	30	321	SPU	Manager 2	70
Everson, Carol K	2/29/2012	23	232	Parks	Executive 2	65
Hernandez, Nancie G	2/29/2012	30	102	Parks	Facilities Maint Wkr	51
Hess, Gary P	2/2/2012	24	122	Seattle Center	Stage Tech, Lead	58
Kraus, Sandra R	2/29/2012	8	265	Police	Plan & Dev Spec, Sr	62
LaFond, Eileen M	2/2/2012	26	94	City Light	Info Tech Prof B	67
Lee, Sue O	2/2/2012	31	62	City Light	Actg Tech III - BU	62
Lord, Janet T	2/2/2012	21	15	DPD	Permit Spec 1	64
Muranaka, Randy H	2/15/2012	31	163	City Light	Info Tech Prof	61
Noble, Judith G	2/29/2012	19	130	SPU	Manager 3	65
Partridge, Sue	2/3/2012	24	177	SDOT	Cap Proj Coord, Sr	63
Powell, Virginia K	2/25/2012	22	33	Library	Library Tech I	62
Smith, John W	2/2/2012	5	11	Finance	Property Rehab Spec	68
Spencer, Frederick F	3/1/2012	8	185	Vested	Vested	63
Strode, Anne D	2/7/2012	12	150	Vested	Vested	63

For the month of March: 45 new Members entered the System, 40 terminations, 15 Members retired in the System, 15 members removed (\$19,862.79), 4 Option D/E continuations, 1 pop-up E to Straight and 1 Option F reduction.

<u>Motion:</u>	Upon motion by Rod Rich, seconded by Bob Harvey, the Retirement Board approved the below items contained in the Administrative Consent Agenda. <ul style="list-style-type: none"> • Minutes of the March 8, 2012 Board Meeting as corrected on pages 2 and 4 • Ratification of Retirement Payroll, Office Payroll, Other Payments and Withdrawals • Ratification of Service Retirements for the month of March 2012
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Investment Consent Agenda

Investment Committee Report

Ms. Carter announced the Investment Committee met on March 29, 2012 at 12 noon at the Seattle City Employees' Retirement System Office, 720 Third Avenue, Suite 900 (Pacific Building). Committee members present: Lou Walter, Chair; Bob Harvey, Member; Glen Lee, Member; Rod Rich; Member; David Stewart; Member. Other Board members present: Tim Burgess, Board Chair; Jean Becker, Member. Staff Present: Cecelia Carter, SCERS Executive Director; Tony Smith, SCERS staff; Ben Kalman, SCERS staff; Mike Akiyama, SCERS staff; Beverly Yapp, SCERS staff; Lisa Carns, SCERS staff;. Pension Consulting Alliance staff present: Neil Rue, David Sancewich, and Mike Moy.

Investment Summary Accounting Report:

Provided in the Retirement Board packet was the Investment Summary report that represents the transaction summary and the market value of the investments as of February 29, 2012. SCERS staff reported that as of February 29, 2012, the SCERS total portfolio had a total plan value of \$1.87 billion. The funded ratio for the plan was 64.50%. During the month of February the plan received \$2 million in distributions.

PIMCO Watch Status Recommendation – Action Item

Ms. Carter reported that PCA recommended SCERS place PIMCO on Watch status for the next six to nine months due to recent performance. The Investment Committee recommended that the Board of Administration accept the PIMCO Watchlist memo as presented by PCA.

Motion: Upon motion by Lou Walter, seconded by Bob Harvey, the Retirement Board accepted the items contained in the Investment Consent Agenda.

- PIMCO on Watch Status for six to nine months

Executive Director Report:

Trustee Election Update

Ms. Carter announced the nominated candidates for the 2012 Election Cycle are complete and certified. The candidates nominated (in alphabetical order) for the regular (Seat A) election term July 1, 2012 – June 30, 2015 are: Sherry L. Crawford, Public Utilities; Zone Montoya, Personnel; and Rodney (Rod) Rich, Financial Accounting Services. The candidates nominated (in alphabetical order) for the special (Seat B) election term July 1, 2012 – June 30, 2013 are: Jean Becker, City Light and Steven A. Kovac, City Light.

Motion: Upon motion by Lou Walter, seconded by Glen Lee, the Retirement Board accepted and ratified the nominations for the 2012 Trustee Election. Rod Rich and Jean Becker abstained from vote.

Member – Summary of SMC Change

Ms. Carter reported that the definition of “Member” in section 4.36 of the Seattle Municipal Code will be modified to clarify that a contractor working for the City of Seattle is not eligible for membership in the Seattle City Employees’ Retirement System. Council Bill 117434 is slated for presentation and vote by the City Council at the April 16, 2012 meeting.

Disability Ordinance Modification

Ms. Carter reported that the criteria for disability and temporary disability retirement will be modified to eliminate the prohibition on a pre-existing condition. The modification is in progress through the legislative process. Ms. Carter will announce the change once it becomes effective.

Retirement Estimate Requests

Ms. Carter reported that she requested weekly estimate status reports going back to January 2012. The staff made efforts to reduce the number of outstanding estimates and those past the target timeframe of 6-8 weeks. The staff reduced the number of outstanding estimates over a two week period by 108 estimates. This report will become part of the quarterly Dashboard reporting on the customer service deliverables.

Status of Benefit Enhancements:

Information: The **estimated** current funding level of the Retirement Fund is 64.50% as of February 29, 2012 on a marked-to-market basis.

The above amount is an estimate calculated each month by the Retirement Office staff. As provided by Ordinance 120685, changes to the Floor COLA will occur once the funding level has reached at least 100% and has been confirmed by the Board after commissioning an actuarial valuation.

New Business:

Bob Harvey’s Report – Council of Institutional Investors Spring 2012

Ms. Carter reported that she and Bob Harvey attended the Council of Institutional Investors Spring meeting April 1 – 3, 2012 in Washington, DC. Ms. Carter asked Mr. Harvey to provide the Board with an overview of the conference. Mr. Harvey reported that he recommends the Board members consider attending the Council of Institutional Investors meetings in the future. The Speaker highlights included: David Rubenstein, co-founder and managing director of **The Carlyle Group**; **Hewlett-Packard** President and CEO Meg Whitman; Eric Schneiderman, attorney general of New York State and co-chair of a new investigative Unit on Mortgage Origination and Securitization Abuses; Former **Olympus** CEO Michael Woodford; SEC Commissioner Troy Paredes; and Carson Block, founder and director of research for Muddy Waters Research. The Council of Institutional Investors Fall Meeting is scheduled for October 3-5, 2012 in Seattle. Ms. Carter and Mr. Harvey encourage the Board members to attend.

IDT Presentation – John McCoy, Legislative Department

Glen Lee left the meeting at 9:48am.

Mr. McCoy from the Legislative Central Staff presented an overview of the IDT presentation that was presented to City Council earlier this month. In 2010 City Council authorized an in-depth study of the Seattle City Employees' Retirement System. GRS is the consulting firm assisting with the study. An outline of the presentation included five retirement options, what the implementation of the options may look like, analysis from GRS, and what the process looks like going forward. City Council established a web page: http://www.seattle.gov/council/issues/retirement_system.htm to ensure SCERS members and the public are kept informed. Councilmember Tim Burgess, Board Chair asked the audience if there were questions. There were questions and dialogue between, audience, Board and Mr. McCoy. Mr. Burgess requested that GRS present to the Retirement Board of Administration at the next Board meeting. Mr. McCoy will report the date GRS will present to the Board.

The Board reserves the right to enter into executive session if necessary

The Board entered into executive session to discuss Personnel and Litigation matters at 10:47am for 20 minutes. At 11:10am Cecelia Carter and David Stewart announced the Board would be in executive session an additional 10 minutes.

Executive session ended at 11:19am.

Motion: Upon motion by Lou Walter, seconded by Jean Becker, the Retirement Board approved a policy for interest to be applied to late employer contributions at the assumed rate of return.

Adjournment:

Motion: Upon motion by David Stewart, seconded by Lou Walter, the Retirement Board voted to adjourn the meeting at 11:20 am.

David L. Stewart, Secretary